



ADVANCING FAITH, FAMILY AND FREEDOM

November 15, 2017

Representative
House of Representatives
Washington D.C. 20515

Dear Representative:

On behalf of Family Research Council and the families we represent, I urge you to vote in favor of Chairman Kevin Brady's (R-TX) *Tax Cuts and Jobs Act* (H.R. 1) due to multiple tax reform provisions that directly benefit the family and free speech. FRC reserves the right to score in favor of this vote.

FRC has long supported increasing the child tax credit (CTC) and H.R. 1 would expand it to \$1,600 per child while also removing marriage penalties contained in current law. While FRC has supported raising the CTC up to \$2,000 and more, we believe the House bill provides a major step in the right direction to alleviate the tax burden of families with children.

H.R. 1 also retains the adoption tax credit in current law at \$13,570 per eligible child (with a phase out for wealthier individuals). According to the U.S. Department of Health and Human Services Administration for Children and Families, in 2015 over 111,000 children were waiting to be adopted. FRC strongly supports maintaining the adoption tax credit in current law, which helps adoptive children find loving families.

H.R. 1 also recognizes "unborn children" for the first time in the tax code by allowing parents, grandparents, or other relatives to open a 529 education savings account for an unborn child, to begin to save for that child's education. 529 contributions have tax-free earnings and are exempt from the annual federal gift tax if under \$14,000 for that year (\$28,000 for married couples filing jointly). Other areas of federal law and regulations already recognize unborn children, such as the *Unborn Victims of Violence Act of 2004*, and we strongly support this recognition in the tax code.

The bill also alleviates marriage penalties which are so prevalent in the tax code and welfare programs, at a time when marriage rates have diminished and cohabitation rates have skyrocketed in recent years. Marriage is good for individuals, men and women, their children, culture, and the economy as shown by numerous studies. Yet federal tax policy has continued to penalize marriage, even as many families require two income-earners to help with the cost of living, most especially costs associated with raising children. The bill removes most of the marriage penalties from the new tax brackets of twelve percent, twenty-five percent and the thirty-nine percent bracket, while leaving the penalty for the thirty-five percent bracket. This is a

major step in the right direction for the government to stop creating a financial disincentive for marriages.

Coupled with the bill's support for children and marriage is the bill's benefit to families by repealing the estate tax. It doubles the exemption from the estate tax, commonly known as the "death tax," and repeals it entirely within six years, starting in 2024. The death tax is double taxation that handicaps families, and particularly family-owned businesses, by imposing heavy and burdensome taxes on bequeathed assets. Families often work as a unit to build their small businesses, but when a parent dies with the intention of leaving his or her small business to the children who helped build it, that transfer of assets is often taxed at such high rates that the business cannot continue operating and pay the government, causing the grieving family to close the business's doors.

In a victory for free speech, this bill includes Whip Steve Scalise's (R-LA) and Rep. Jody Hice's (R-GA) *Free Speech Fairness Act* (H.R. 781) which puts an end to the IRS's role of policing the speech of churches, and non-profit organizations due to the "Johnson Amendment" added in 1954 to the 501(c)(3) code. The IRS has no constitutional basis to monitor and then censor speech that doesn't meet with the approval of government bureaucrats. We believe more free speech is better for our democracy, not less. The language in H.R. 1 is carefully crafted to allow 501(c)(3) organizations to engage in political activity that is 1) made in the ordinary course of the 501(c)(3) organization's regular and customary activities, so long as the activities carry out the organization's tax-exempt purpose, and 2) so long as the organization does not incur more than *de minimis* incremental costs. We also believe this language allows free speech on political matters without turning 501(c)(3) organizations into 501(c)(4) organizations or political action committees. This is a significant victory for political speech that has been stifled since President Lyndon Johnson as Texas Senator added this restrictive provision in the tax code.

Our vision is to see families flourish – and the *Tax Cuts and Jobs Act* moves the nation in that direction. We urge the House to pass H.R. 1. FRC reserves the right to score in favor of this vote.

Sincerely,



David Christensen
Vice President for Government Affairs